

Edmund G. Brown Jr., Governor



**The California Managed Risk Medical Insurance Board**

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Richard Figueroa  
Samuel Garrison  
Ellen Wu

Ex Officio Members

Jack Campana  
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Secretary, Business,  
Transportation and Housing  
Agency

**MEMORANDUM**

**DATE:** October 31, 2012

**TO:** MRMIB Members

**FROM:** Jeanie Esajian  
Deputy Director for Legislation and External Affairs

**SUBJECT:** MRMIB Media Report for October 2012

The last month was a light media period with regard to media requests of MRMIB. However, a media advisory issued prior to the last Board meeting resulted in coverage of the Board's actions to implement AB 1526, providing premium relief to subscribers of the Major Risk Medical Insurance Program.

If you have any questions or comments regarding these articles, please feel free to contact me at (916) 324-0571 or at [jesajian@mrrib.ca.gov](mailto:jesajian@mrrib.ca.gov).

# NEWS FROM MRMIB

The Managed Risk Medical Insurance Board

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## MEDIA ADVISORY

**WHAT:** The Managed Risk Medical Insurance Board (MRMIB) will take action to implement premium relief for subscribers of the Major Risk Medical Insurance Program (MRMIP), the state-funded high-risk pool for persons with pre-existing conditions.

**HOW:** Gov. Edmund G. Brown Jr. signed AB 1526, authored by Assembly Member William Monning (D- Santa Cruz), that allows the Board to reduce subscriber premiums down to 100 percent of the standard average individual risk rate (commercial rate charged for insurable persons) for comparable coverage without increasing subscriber premiums. State law previously required the Board to charge 125 percent to 137.5 percent of the standard average individual risk rate. As permitted by AB 1526, the premium relief measure is in effect for the 2013 calendar year.

The Board's actions will include adoption of regulations to implement the law change.

**WHEN:** Wednesday, October 17, 2012  
Public Agenda items begin at 11 a.m.

**WHERE:** California State Personnel Board Auditorium  
801 Capitol Mall  
Sacramento, CA 95814

**WHO:** MRMIB Chairman Cliff Allenby and members Richard Figueroa, Sam Garrison, Ellen Wu (voting members).

**WHY:** The federal law establishing the Pre-Existing Condition Insurance Plan (PCIP) limits eligibility to individuals who have been without health coverage for six months. Therefore, MRMIP subscribers, as well as other individuals with existing health coverage, were ineligible for PCIP, which has lower premiums than MRMIP and no annual or lifetime benefit limits. The newly enacted law allows the Board to lower premiums for MRMIP subscribers during the calendar year 2013.

The cost of MRMIP premiums is a documented and long-standing reason for subscriber disenrollment. The 2012 MRMIP Disenrollment Survey, also on the Board's October 17 agenda, shows that nearly 31 percent of disenrollments were due to premium affordability.

**CONTACT:** Jeanie Esajian with the Managed Risk Medical Insurance Board at (916) 324-0571 or (916) 275-7649.

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MRMIP

HFP

AIM

PCIP

Managed Risk Medical Insurance Board  
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Cliff Allenby, Chairman  
Janette Casillas, Executive Director  
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California Health and Human Services Agency

October 24, 2012 - Capitol Desk

## Premium Reduction Approved for State High-Risk Coverage

by David Gorn

Change is coming for the 5,823 current enrollees in California's Major Risk Medical Insurance Program, and it's change they're going to feel in their pockets.

Premium rates are about to go down to match the rates paid in the similar federal program, the Pre-Existing Condition Insurance Plan.

The Managed Risk Medical Insurance Board, which oversees the state plan, voted last week to adopt the new premium rate cut that was made possible by a new state law.

Under **AB 1526**, authored by Assembly member Bill Monning (D-Carmel) and signed three weeks ago by Gov. Jerry Brown (D), the new rate goes into effect Jan. 1 and will remain in effect for the 2013 calendar year. It sets a premium rate that is 100% of the commercial rate charged for insurable people, instead of the 125% rate that has been previously charged to MRMIP subscribers.

"Many people are having a hard time, as premiums and health care costs keep going up, so whatever we can do to help our subscribers is important," said MRMIB member Ellen Wu. "Especially since these are people who need more care, and have been left out of the system. They can't go six months without care."

In the past, if high-risk subscribers wanted to opt out of MRMIB coverage to sign up with the less-expensive federal PCIP program, they had to spend six months without any coverage at all before becoming eligible for PCIP. Now the rates will match, and there will be no incentive to take that risk.

"If you have a condition that needs regular care, and most of these people do, and you're waiting for PCIP, you're going to take a significant hit -- either healthwise or financially," Wu said.

The difference to the state is minimal, with no general fund hit, according to legislative analysis, since MRMIP currently is far below enrollment capacity and budget. So for Wu, last week's approval of the premium rate cut didn't take much deliberation.

"It's one of the more positive things that we've been able to do," Wu said, "after so many bleak things that have happened this year."

Currently, 59% of premium cost is borne by subscribers, with 41% paid through a tobacco surtax fund created by voters through passage of Proposition 99 in 1988.

It is a one-year rate reduction, because high-risk coverage will become unnecessary in 2014 when national health reform goes into effect. High-risk subscribers in the federal and state plans will be able to get coverage through the state Health Benefit Exchange.



Friday, October 19, 2012

## Managed Risk Medical Insurance Plan To Cut Premiums in 2013

On Wednesday, the Managed Risk Medical Insurance Board voted to decrease members' premiums by an average of 12% next year, the *Sacramento Business Journal* reports.

### Background

The Managed Risk Medical Insurance Program is a state insurance plan for people who cannot obtain health insurance because of their health condition. The program, along with the Pre-Existing Condition Insurance Plan, is set to end when the new California Health Benefit Exchange launches in 2014.

Program officials were considering an average rate increase of almost 10% for MRMIP members. However, Gov. Jerry Brown (D) last month signed a bill (AB 1526) -- by Assembly member Bill Monning (D-Santa Cruz) -- that allows the program to subsidize rates to help keep individuals from leaving the plan because of premium changes (Robertson, *Sacramento Business Journal*, 10/18).

AB 1526 allows the board to subsidize premiums for program members at no less than 100% of comparable rates for the individual insurance market and prohibits the amount of subsidies from affecting the calculation of premiums (*California Healthline*, 10/2).

MRMIP premiums are supplemented with revenue from the Proposition 99 tobacco tax hike.

### Details of Rate Cut

Under the premium decrease, a single MRMIP member between the ages of 40 and 44 who lives in the Sacramento area and is covered by Kaiser Permanente will pay \$452 monthly in 2013, compared with \$504 in 2012. A similar member who is covered by Anthem Blue Cross will pay \$670 monthly in 2013, compared with \$756 this year.

A single MRMIP member between the ages of 60 and 64 who lives in the Sacramento area and is covered by Kaiser Permanente will pay \$727 monthly in 2013, compared with \$811 in 2012. A similar member covered by Anthem Blue Cross will pay \$1,246 monthly in 2013, compared with \$1,558 this year (*Sacramento Business Journal*, 10/18).

# State program for medically uninsurable lowers premiums

Sacramento Business Journal by Kathy Robertson, Senior Staff Writer

Date: Thursday, October 18, 2012, 7:08am PDT



Kathy Robertson

Senior Staff Writer- *Sacramento Business Journal*

Email

The state insurance program for people who are medically uninsurable due to their health condition voted Wednesday to decrease members' premiums next year an average of 12 percent.

The Managed Risk Medical Insurance Board was looking at an average rate increase of almost 10 percent for the program, but a bill signed by the governor last month allows the agency to subsidize rates to stem disenrollment.

A survey of members who left the longtime state program shows almost 31 percent of those who left the program disenrolled because they couldn't afford to pay premiums any longer.

Assembly Bill 1526 by Assemblyman Bill Monning, D-Santa Cruz, brings rates for members of the Managed Risk Medical Insurance Program — commonly known as MRMIP — somewhat closer to those consumers pay in the Pre-Existing Condition Insurance Plan subsidized via federal health reform.

Premiums paid by members of MRMIP are supplemented with Proposition 99 tobacco tax revenue.

Both programs are expected to end when the new state Health Benefit Exchange launches in 2014.

The rate cut is significant. A single subscriber who lives in the Sacramento area, is between the ages of 40 and 44 and is covered by **Kaiser Permanente** will pay \$452 a

month in 2013 instead of \$504 in 2012. A member of similar age covered by Anthem Blue Cross will pay \$670 instead of \$756.

Rates increase as members age.

A single subscriber between the ages of 60 and 64 who lives in Sacramento and is covered by Kaiser will pay \$727 a month in 2013 instead of the \$811 premium this year. A member of similar age covered by Anthem Blue Cross will pay \$1,246 instead of \$1,558.

For more information, go to the [Managed Risk Medical Insurance Board website](#).

Kathy Robertson covers health care, law, lobbying and labor and workplace issues for the Sacramento Business Journal.